



## Department Description

The Financial Management Department provides fiscal services to the Mayor and serves as an internal fiscal consultant to other City departments. Financial Management prepares the proposed and annual budgets in accordance with the City Charter each year. During the fiscal year, Financial Management monitors the City's expenditures and revenue receipts, oversees budget transfers and adjustments, and reviews requests for City Council and Mayoral Actions for both the operating budget and the Capital Improvements Program (CIP). In addition, the Department develops and updates the Mayor's Five-Year Financial Outlook.

Financial Management is organized into the following functions:

### **Budget Development and Public Budget Formulation (PBF)**

The Budget Development staff coordinates and manages the development and implementation of a responsible and balanced budget. The staff works to streamline the year-long budget process by maintaining and improving budgeting system software that includes the development and implementation of a new budgeting application, Public Budget Formulation; working with City departments; seeking expenditure savings; and implementing Mayoral objectives.

### **Economic Analysis and Financial Planning**

The Economic Analysis and Financial Planning staff develops and updates the Mayor's Five-Year Financial Outlook, seeks to identify new revenue sources, and forecasts revenues citywide. Revenue monitoring and forecasting are focused on the major revenue sources such as property tax, sales tax, and transient occupancy tax. This is achieved by reviewing current year and historical revenue receipts, and factoring in economic trends.

### **Budget Monitoring**

The Budget Monitoring staff monitors the City's annual operating budget. Quarterly reports are produced and presented to City Council to forecast year-end results and aid in adjusting the budget throughout the year to accommodate unforeseen changes in revenues and expenditures. The staff also develops and monitors monthly budgets for each City department as a tool for benchmarking actual expenditures and revenues which encourages departments to adhere to their budgets.

# Financial Management

## Capital Budget

The Capital Budget staff develops and monitors the City's Capital Improvements Program (CIP) Budget which supports construction projects such as the development of park land, installation of traffic signals, and the construction and remodeling of City facilities. In addition, requests for Council actions are reviewed for their CIP impact.

The Department's mission is:

*To develop and monitor the City's annual budget and comprehensive long-range financial forecast through a collective effort, to provide sound fiscal analysis of operating and capital revenues and expenditures, to provide superior customer service, and to adhere to the highest professional standards*

## Goals and Objectives

The following goals and objectives represent the action plan for the Department:

### ***Goal 1: Produce a balanced annual budget***

Having a balanced annual budget is mandated by City law. A budget is considered balanced when expenditures are equal to available resources (fund balance and/or revenues). The Department will accomplish this goal by focusing on the following objectives:

- Implement a more efficient budget development application
- Publish the City's Proposed and Annual Budget

### ***Goal 2: Provide long-range fiscal planning***

The purpose of long-range fiscal planning is to enable effective decision-making and identify the City's future fiscal requirements to support City services. The Department will accomplish this goal by focusing on the following objectives:

- Analyze actual revenue receipts and economic trends to forecast major revenues
- Forecast expenditure trends in City departments

### ***Goal 3: Monitor spending citywide***

Budget monitoring is an essential business practice to identify variances in the spending plan and to control overspending. The Department will accomplish this goal by focusing on the following objective:

- Adjust budgets throughout the year to accommodate unforeseen changes in revenues and expenditures

### ***Goal 4: Provide superior customer service***

Providing excellent customer service is a goal of every City department whether the customer is a resident, visitor, outside agency, or a City employee from another department. The Department will accomplish this goal by focusing on the following objectives:

- Provide internal training
- Provide accurate and timely fiscal analysis, review, and consultation for Council and Mayoral actions

### ***Goal 5: Build a sustainable organization through learning and improvement***

A key part of building a sustainable organization is to develop a trained workforce and high performing teams. Over the next one to two years, the Department will accomplish this goal by focusing on the following objective:

- Support professional growth and development

# Financial Management

## ***Goal 6: Promote the highest ethical standards***

Adhering to a stringent ethical standard is the cornerstone of any governmental organization. City residents must be assured that their interests are always the primary concern of department staff. The Department will accomplish this goal by focusing on the following objectives:

- Provide ethics training for management and staff
- Management review of standards and ethical practices with staff on a regular basis

## **Service Efforts and Accomplishments**

### **Budget Development**

For Fiscal Year 2011, Financial Management developed a balanced budget of over \$2.8 billion. In addition, Financial Management issued the Fiscal Year 2012-2016 Five-Year Financial Outlook which serves as a guide for long-range planning and provides the framework for the development of the annual budget. The Outlook incorporated a variety of economic assumptions and new expenditure requirements affecting the City's General Fund revenues and expenditures. The projected shortfall for Fiscal Year 2012 identified in the Outlook was \$56.7 million.

### **Budget Monitoring**

Beginning in Fiscal Year 2007, the Department has established monthly budgets for each of the City's budgeted departments to benchmark actual expenditures and revenues. In addition, the Department routinely compares actual results to projections and incorporates this data and accompanying relevant analysis into quarterly reports to the City Council. The Fiscal Year 2011 Year-End Budget Monitoring Report reflects General Fund projections within one percent of budget.

### **Fiscal Planning**

Beginning in Fiscal Year 2007, the Department began developing the Mayor's Five-Year Financial Outlook. Since then, five new editions have been issued with the latest edition released in February 2011 covering Fiscal Years 2012 through 2016. The Department will continue to issue annual updated editions of the Financial Outlook at the beginning of each budget cycle to set the framework for the upcoming budget.

### **User Fees**

In Fiscal Year 2009, the Department developed (and Council adopted) a comprehensive Citywide User Fee Policy which defined the method by which fees and charges are set, and the extent to which they cover the cost of the services provided. The purpose of this policy is to provide guidelines for the review of City fees and to incorporate best practices to ensure that the City adequately recovers costs for services it provides to the public. Beginning in Fiscal Year 2010, a master user fee schedule for all General Fund user fees was developed and posted online for the public. The Department will continue to monitor user fees and ensure appropriate cost recovery levels are met.

### **Public Budget Formulation**

The City has partnered with SAP to develop and implement the Public Budget Formulation (PBF) module of SAP's Enterprise Resource Planning. This application is now used to prepare all proposed and annual budgets. PBF is an integrated system that has allowed the City to move from disconnected data systems to a connected chain of functions and activities. This improved platform enhances Financial Management's budget development, execution, and administration abilities.

# Financial Management

## Key Performance Indicators

Performance Measure	Actual FY2010	Actual FY2011
1. Percent variance between actual General Fund expenditures and revised budget at year-end	<1%	N/A <sup>1</sup>
2. Percent variance between actual General Fund revenue and revised budget at year-end	<1%	N/A <sup>1</sup>

<sup>1</sup> At time of publication, audited financial statements for Fiscal Year 2011 were not available.

# Financial Management

## Department Summary

	FY2011 Budget	FY2012 Adopted	FY2011–2012 Change
Positions	31.12	31.12	0.00
Personnel Expenditures	\$ 3,702,882	\$ 3,735,660	\$ 32,778
Non-Personnel Expenditures	512,799	422,637	(90,162)
<b>Total Department Expenditures</b>	<b>\$ 4,215,681</b>	<b>\$ 4,158,297</b>	<b>\$ (57,384)</b>
<b>Total Department Revenue</b>	<b>\$ 67,180</b>	<b>\$ 67,180</b>	<b>\$ -</b>

## General Fund

### Department Expenditures

	FY2011 Budget	FY2012 Adopted	FY2011–2012 Change
Financial Management	\$ 4,215,681	\$ 4,158,297	\$ (57,384)
<b>Total</b>	<b>\$ 4,215,681</b>	<b>\$ 4,158,297</b>	<b>\$ (57,384)</b>

### Department Personnel

	FY2011 Budget	FY2012 Adopted	FY2011–2012 Change
Financial Management	31.12	31.12	0.00
<b>Total</b>	<b>31.12</b>	<b>31.12</b>	<b>0.00</b>

### Significant Budget Adjustments

	FTE	Expenditures	Revenue
<b>Equipment/Support for Information Technology</b> Funding allocated according to a zero-based annual review of information technology funding requirements and priority analyses.	0.00	\$ 234,796	\$ -
<b>Non-Discretionary Adjustment</b> Total expenditure allocations that are determined outside of the department's direct control. These allocations are generally based on prior year expenditure trends and examples of these include utilities, insurance, and rent.	0.00	100,375	-
<b>Hourly Personnel Funding</b> Funding allocated according to a zero-based annual review of hourly funding requirements.	1.12	29,163	-
<b>Publishing Services Managed Competition Savings</b> Adjustment to reflect savings to Publishing Services client departments realized by the Managed Competition winning bid.	0.00	(11,435)	-
<b>Reduction in Overtime</b> Reduction of overtime expenditures.	0.00	(15,627)	-
<b>Reduction in Travel and Training</b> Reduction of travel and training expenditures.	0.00	(31,507)	-
<b>Total</b>	<b>1.12</b>	<b>\$ 305,765</b>	<b>\$ -</b>

# Financial Management

## Expenditures by Category

		FY2011 Budget		FY2012 Adopted		FY2011-2012 Change
<b>PERSONNEL</b>						
Salaries and Wages	\$	2,277,305	\$	2,346,040	\$	68,735
Fringe Benefits		1,425,577		1,389,620		(35,957)
<b>PERSONNEL SUBTOTAL</b>	<b>\$</b>	<b>3,702,882</b>	<b>\$</b>	<b>3,735,660</b>	<b>\$</b>	<b>32,778</b>
<b>NON-PERSONNEL</b>						
Supplies	\$	14,435	\$	14,366	\$	(69)
Contracts		129,770		122,662		(7,108)
Information Technology		341,446		234,796		(106,650)
Energy and Utilities		23,528		28,584		5,056
Other		3,620		22,229		18,609
<b>NON-PERSONNEL SUBTOTAL</b>	<b>\$</b>	<b>512,799</b>	<b>\$</b>	<b>422,637</b>	<b>\$</b>	<b>(90,162)</b>
<b>Total</b>	<b>\$</b>	<b>4,215,681</b>	<b>\$</b>	<b>4,158,297</b>	<b>\$</b>	<b>(57,384)</b>

## Revenues by Category

		FY2011 Budget		FY2012 Adopted		FY2011-2012 Change
Charges for Current Services	\$	20,000	\$	20,000	\$	-
Other Revenue		47,180		47,180		-
<b>Total</b>	<b>\$</b>	<b>67,180</b>	<b>\$</b>	<b>67,180</b>	<b>\$</b>	<b>-</b>

## Personnel Expenditures

Job Number	Job Class	Job Title / Wages	FY2011 Budget	FY2012 Adopted	Salary Range	Total
<b>Salaries and Wages</b>						
20001035	1965	Associate Budget Development Analyst	12.00	12.00	\$59,467 - \$71,864	\$ 802,523
20001101	2132	Department Director	1.00	1.00	59,155 - 224,099	150,000
20000924	1876	Executive Secretary	1.00	1.00	43,555 - 52,666	52,929
20001172	2217	Financial Operations Manager	3.00	3.00	25,376 - 148,200	340,229
90001073	2103	Management Intern - Hourly	1.12	1.12	24,274 - 29,203	27,186
20000680	1648	Payroll Specialist 2	1.00	1.00	34,611 - 41,787	41,996
20001036	1966	Senior Budget Development Analyst	8.00	9.00	65,291 - 78,936	691,510
20001037	1967	Supervising Budget Development Analyst	4.00	3.00	73,445 - 88,982	175,294
		Overtime Budgeted				64,373
<b>Salaries and Wages Subtotal</b>			<b>31.12</b>	<b>31.12</b>		<b>\$ 2,346,040</b>

## Fringe Benefits

Employee Offset Savings	\$	36,343
Flexible Benefits		200,540
Long-Term Disability		13,161
Medicare		33,277
Other Post-Employment Benefits		175,189
Retiree Medical Trust		387
Retirement 401 Plan		1,546
Retirement ARC		798,970

# Financial Management

## Personnel Expenditures (Cont'd)

Job Number	Job Class	Job Title / Wages	FY2011 Budget	FY2012 Adopted	Salary Range	Total
		Retirement Offset Contribution				6,338
		Risk Management Administration				29,087
		Supplemental Pension Savings Plan				63,159
		Unemployment Insurance				8,676
		Workers' Compensation				22,947
<b>Fringe Benefits Subtotal</b>						<b>\$ 1,389,620</b>
<b>Total Personnel Expenditures</b>						<b>\$ 3,735,660</b>